

**PART 1219—DISTRIBUTION AND
DISBURSEMENT OF ROYALTIES,
RENTALS, AND BONUSES**

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AUTHORITY: Section 104, Pub. L. 97-451, 96 Stat. 2451 (30 U.S.C. 1714), Pub. L. 109-432, Div C, Title I, 120 Stat. 3000.

SOURCE: 49 FR 37347, Sept. 21, 1984, unless otherwise noted. Redesignated at 75 FR 61086, Oct. 4, 2010.

§ 1219.100 Timing of payment to States.

A State's share of mineral leasing revenues shall be paid to the State not later than the last business day of the month in which the U.S. Treasury issues a warrant authorizing the disbursement, except for any portion of such revenues which is under challenge and placed in a suspense account pending resolution of a dispute.

§ 1219.101 Receipts subject to an interest charge.

(a) Subject to the availability of appropriations, the Office of Natural Resources Revenue (ONRR) shall pay the State its proportionate share of any interest charge for royalty and related monies that are placed in a suspense account pending resolution of matters which will allow distribution and disbursement. Such monies not disbursed by the last business day of the month following receipt by ONRR shall accrue interest until paid.

(b) Upon resolution, the suspended monies found due in paragraph (a) of this section, plus interest, shall be disbursed to the State under the provisions of § 1219.100.

(c) Paragraph (a) of this section shall apply to revenues which cannot be disbursed to the State because the payor/lessee provided incorrect, inadequate, or incomplete information to ONRR which prevented ONRR from properly

identifying the payment to the proper recipient.

[49 FR 37347, Sept. 21, 1984. Redesignated and amended at 75 FR 61086, Oct. 4, 2010.]

§ 1219.102 Method of payment.

The ONRR shall disburse monies to a State either by Treasury check or by Electronic Funds Transfer (EFT). Should a State prefer to receive its payment by EFT, it should request this payment method in writing to the Office of Natural Resources Revenue, P.O. Box 5760, Denver, Colorado 80217-5760.

[57 FR 41868, Sept. 14, 1992, as amended at 58 FR 64903, Dec. 10, 1993; 67 FR 19112, Apr. 18, 2002. Redesignated and amended at 75 FR 61086, Oct. 4, 2010.]

§ 1219.103 Payments to Indian accounts.

Mineral revenues received from Indian leases shall be transferred to the appropriate Indian accounts managed by the Bureau of Indian Affairs (BIA) for allotted and tribal revenues. These accounts are specifically designated Treasury accounts. Revenues shall be transferred to the Indian accounts at the earliest practicable date after such funds are received, but in no case later than the last business day of the month in which revenues are received by the ONRR.

§ 1219.104 Explanation of payments to States and Indian tribes.

(a) Payments to States and BIA on behalf of Indian tribes or Indian allottees discussed in this part shall be described in *Explanation of Payment* reports prepared by the ONRR. These reports will be at the lease level and shall include a description of the type of payment being made, the period covered by the payment, the source of the payment, sales amounts upon which the payment is based, the royalty rate, and the unit value. Should any State or Indian tribe desire additional information pertaining to mineral revenue payments, the State or tribe may request this information from the ONRR.

(b) The report shall be provided to:

- (1) States not later than the 10th day of the month following the month in which ONRR disburses the State's share of royalties and related monies;

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(2) the BIA on behalf of tribes and Indian allottees not later than the 10th day of the month following the month the funds are disbursed by ONRR.

(c) Revenues that cannot be distributed to States, tribes, or Indian allottees because the payor/lessee provided incorrect, inadequate, or incomplete information, preventing ONRR from properly identifying the payment to the proper recipient, shall not be included in the reports until the problem is resolved.

§ 1219.105 Definitions.

Terms used in this subpart shall have the same meaning as in 30 U.S.C. 1702.

PART 1220—ACCOUNTING PROCEDURES FOR DETERMINING NET PROFIT SHARE PAYMENT FOR OUTER CONTINENTAL SHELF OIL AND GAS LEASES

Sec.

- 1220.001 Purpose and scope.
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- 1220.020 Calculation of the allowance for capital recovery.
- 1220.021 Determination of net profit share base.
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- 1220.030 Maintenance of records.
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- 1220.034 Redetermination and appeals.

AUTHORITY: Sec. 205, Pub. L. 95-372, 92 Stat. 643 (43 U.S.C. 1337).

SOURCE: 45 FR 36800, May 30, 1980, unless otherwise noted. Redesignated at 48 FR 1182, Jan. 11, 1983, and further redesignated at 48 FR 35642, Aug. 5, 1983, 75 FR 61087, Oct. 4, 2010.

§ 1220.001 Purpose and scope.

(a) This part 1220 establishes accounting procedures for determining the net profit share base and calcu-

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lating net profit share payments due the United States for the production of oil and gas from OCS leases.

(b) The procedures established by this part 1220 apply to any OCS lease issued by the Department of the Interior under any bidding system established by § 1260.110(a) of this title which has a net profit share component.

[45 FR 36800, May 30, 1980, as amended at 46 FR 29689, June 2, 1981. Redesignated at 48 FR 1182, Jan. 11, 1983. Amended at 48 FR 35642, Aug. 5, 1983]

§ 1220.002 Definitions.

For purposes of this part 220:

Allowance for capital recovery means the amount calculated according to procedures specified in § 1220.020. This amount allows a premium for risk initially undertaken by the lessee and a return on investment made during the capital recovery period. It is provided in lieu of interest on equipment and materiel charged to the NPSL capital account.

Capital recovery period means the period of time that begins on the date of issuance of the NPSL and ends on the last day of the month during which the sooner of the following occurs:

(1) The lessee completes the last well on the first platform specified in the development and production plan originally approved by the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE), with any approved amendments thereto, and installation of wellhead equipment. In the event the last well is dry, then the capital recovery period shall be deemed to have ended with the determination that the last well is non-productive;

(2) The balance in the NPSL capital account changes from a debit balance to a credit balance; or

(3) The lessee, at his election, chooses to terminate the capital recovery period. A decision to terminate the capital recovery period prior to the events specified in paragraphs (a) (1) and (2) of this definition shall be communicated in writing to the Director and shall be irrevocable.

Controllable materiel means materiel which at the time is so classified in the Materiel Classification Manual as most recently recommended by the Council